

# Skimpy Wash Financing in Bangladesh: Overall Trend and Regional Disparities

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## Abstract

The access to Water, Sanitation, and Hygiene (WASH) services is one of our basic needs without which no human being can service, let alone lead a decent life. Therefore, promotion of water and sanitation services are placed in the Sustainable Development Goals (SDGs) taken by UN for an extended period from 2016-2030. In line with this goal, the governments of developing countries are increasing their budget allocation to attain this decent living target. However, allocations are, in many cases, inadequate and skewed among different geographic regions. Further, due to an absence of separate ministry or authority to manage this important, but often neglected function of governments, allocations are disguised under other heads of allocations made for different ministries and make the assessment of allocation even more difficult. In the context of WASH sector in Bangladesh, the objective of this paper is thus to demonstrate an effective methodology to capture WASH data at national and district level, to make such assessment possible. Data on WASH allocation was compiled from national budget statements, relevant inter-ministerial reports, and other local government offices related to WASH. Ambiguity on data was further clarified through interviews with concerned government officials from different ministries and local government offices. Analyzing WASH budget allocation for a period of six years under this framework, this paper indicates that WASH allocation in Bangladesh remains inadequate and highly inequitable to attain SDG.

**Keywords:** SDG, WASH, Development Budget

## Introduction

The access to water, sanitation, and hygiene (WASH) is one of the essential development indicators in contemporary global development agenda. Access to water and sanitation for all has been taken as one of the 17 sustainable development goals set by the world leaders

to strengthen world development in a post MDG era (UN 2017). Further, Government of Bangladesh is promise bound to provide access to safe water and sanitation for all, through its sector development policy designed earlier (LGD 2011). However, in spite of undertaking many positive initiatives, outcome indicators show that by the year 2012, although 85% households had access to improved source of drinking water, 43% did not have access to improved sanitation (UNICEF & WHO 2014). A recent study observed that despite its commendable success in this sector, coverage of quality WASH services is still inadequate (WaterAid Bangladesh, 2015a). Lack of quality WASH services, in turn, accelerate a high disease burden entailing a mounting health care cost, loss of productivity and income, and thereby, perpetuate the poverty cycle.

A recent study by Barkat (2012), estimates that inadequate sanitation has substantial economic impacts in Bangladesh. The estimated annual economic impact of inadequate sanitation was Tk. 295.48 billion (USD 4.23 billion; 1 USD=Bd. Taka 70) which is equivalent to 6.3% of the GDP<sup>1</sup>. The scenario related to the consequences of inadequate sanitation is alarming. The study also revealed that the total number of deaths due to inadequate sanitation in Bangladesh in 2007 was 84,569. To recuperate this situation although different ministries and divisions of the government are allocating separate funds for the development of various WASH-related services, still, there is no separate line item for WASH that may capture total allocation to this sector and its trend.

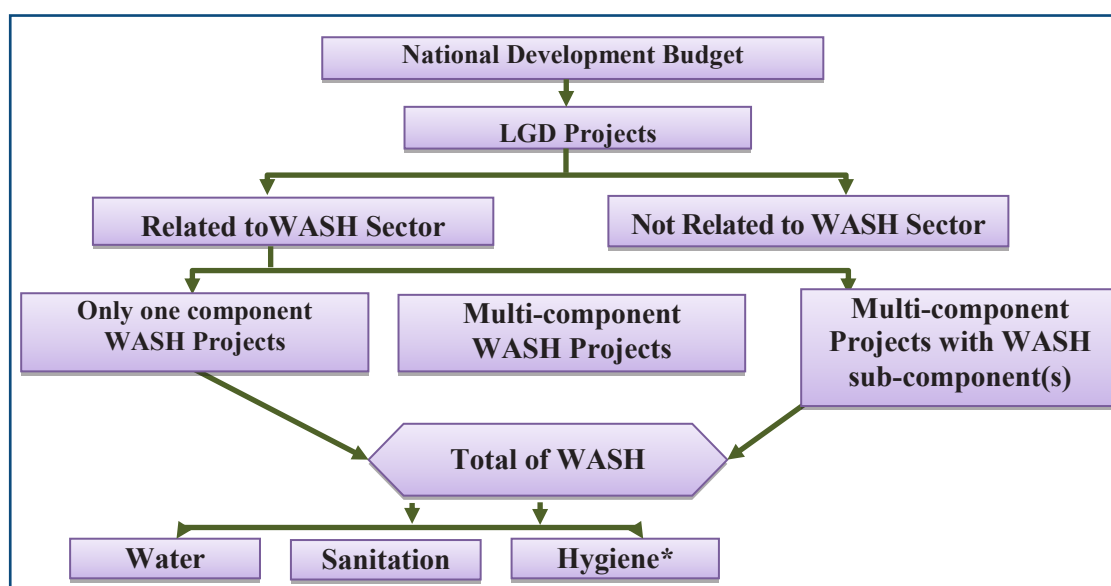
Under the stated context it is imperative to track the total national budget allocation on WASH, with an objective to match such allocation with national priorities in this sector. To fulfill this objective, WaterAid Bangladesh has

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undertaken a unique initiative to explore the size of WASH allocation under the National Budget of Bangladesh over a six-year period from FY 2007/8 to FY2013/14. As amounts relating to WASH are spent by different Departments of the government under different heads, this pioneering initiative has developed a comprehensive methodology to collect and analyze the substantially large volume of financial/budgetary and other information to disaggregate WASH-related allocations that were lumped together under various heads/line-items. These disaggregated amounts were re-accumulated to understand the total national allocation on WASH.

## Methodology

Primary investigation of national budget reveals that most of the WASH-related allocations are made through Local Government Division (LGD) of the Ministry of Local Government, Rural Development and Cooperatives. Further, allocations are considered only from National Development Budget, as Revenue Budgets are sometimes overburdened with lot many administrative and other overhead costs that may not have any stake in the real development of this sector.



Source: WaterAid Bangladesh (2015a), p.3

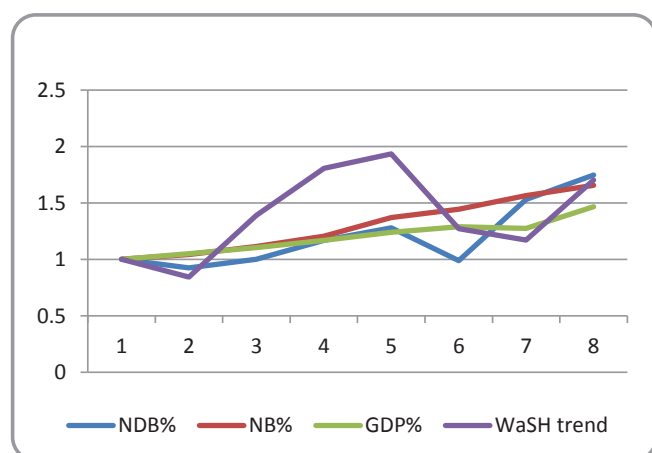
**Fig. 1: Methodology of Calculating WASH Budget Allocation**

The research is based on desk review, secondary data analysis, consultation with relevant personnel in WASH sector, key informant interview (KII) and apportionment exercise for generation of data related to WASH budget allocation and expenditure for the sector as a whole and desegregation of the same by subsector and sub-sub-sector. As depicted in Figure 1 above, the national allocation for WASH development was determined through rigorous calculation under five different phases. Using the methodology demonstrated in Figure 1, data on WASH allocation was compiled from national budget statements, relevant inter-ministerial reports, and other local government offices related to WASH. Ambiguity on data was further clarified through interviews with concerned government officials from different ministries and local government offices.

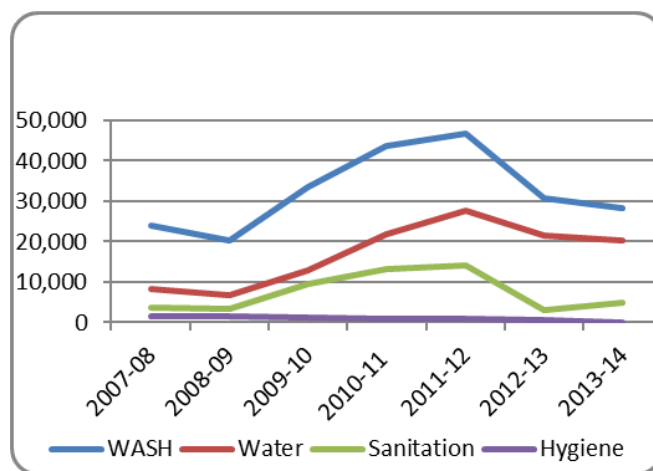
- **First Phase:** Listing of all development projects under LGD during FY2007/8-FY2014-15.
- **Second Phase:** Listed projects are classified into four categories (a) directly related to one component of WASH, such as water or sanitation; (b) multi-component WASH projects- i.e., related with more than one WASH component; (c) multi-component projects where WASH is one of the components; and (d) projects not related to WASH.
- **Third Phase:** Review of relevant documents including Annual Development Budgets, Annual Progress Report (APR) of respective agencies (DPHE, LGED, WASAs, City Corporations); and KII with related government officials for getting an expert opinion on whether WASH projects and their components were identified correctly.

- **Fourth Phase:** While calculation for type (a) projects under the second phase was straightforward, for (b) type projects APR of relevant agencies was reviewed and KIIs were conducted to identify the share of different WASH components. In type (c) projects similar methodology was used firstly to separate WASH component from Non-WASH component, and then segregate WASH sub-components into Water, Sanitation, and Hygiene.
- **Fifth Phase:** Finally, informed inferences were drawn from available information where the earlier four phases were not able to draw any conclusive remark regarding budget spending on WASH or its sub-components.

#### WASH allocation in National Development Budget of Bangladesh



for hygiene promotion always remains significantly low, or almost negligible (Fig. 3). Though allocation in Sanitation always follow the allocation of Water, after 2012-13 Sanitation allocation showed a slight upward trend while allocation of Water and hygiene continued to decline.



Source: WaterAid Bangladesh (2015a), p.7

**Fig. 3: Allocation in WASH sub-sectors: FY 2007/8 to FY 2013/14 (Million Tk. in 2014 constant price)**

#### Rural-Urban Disparity in WASH Budget Allocation

In FY 2014/15 around 70% of the total WASH, the allocation was made for big cities, i.e., Dhaka, Chittagong, and Khulna. Only 13.79% in rural areas and less than 1% in *char*, *haor*, and other hard to reach hilly areas. Such a distribution is highly skewed while the majority of our population still lives in rural areas. Although a large part is allocated to big cities, nevertheless even in city area there are some pockets of underserved areas like urban slums where allocation is low or in some cases nil.

As revealed by further study one reason for a very high rural-urban disparity is the concentration of donor-funded water supply and sanitation projects in major cities like Dhaka, Chittagong or Khulna. Therefore, if we consider only self-financed projects by the government the amount of investment in the WASH sector would be even much smaller than shown in Fig. 4. It also indicates that Government has to provide special emphasis on the development of WASH projects in small towns and rural areas that may not attract donor financing, and therefore remain underdeveloped.

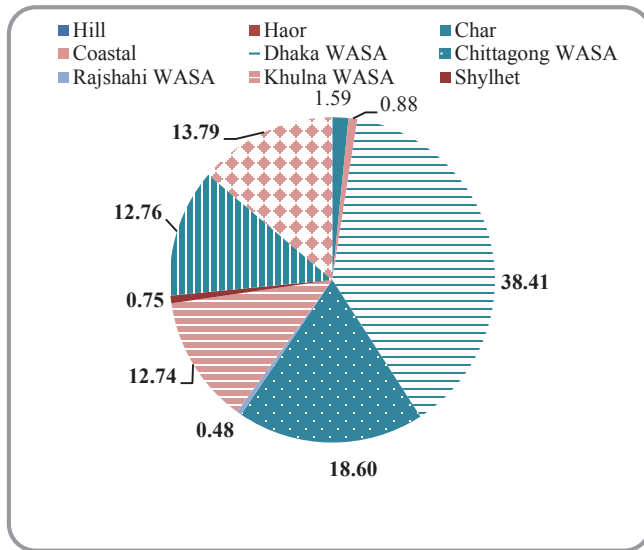
Source: WaterAid Bangladesh (2015a), p.6

**Fig. 2: Trend in WASH Budget Allocation**

Analysis of WASH allocation over the years indicates that WASH allocation is increasing over the years except for a declining trend during 2005 to 2007 period (Fig. 2). Besides, correlation of WASH allocation with National Budget (NB), National Development Budget (NDB), and GDP indicates that, in comparison to NB and GDP, WASH budget allocation maintains a close link with the trend in National Development Budget.

#### Budget Allocation in WASH Sub-sectors

A breakdown of WASH budget into Water, Sanitation, and Hygiene indicates that Water got the highest allocation among all three WASH components, while the allocation

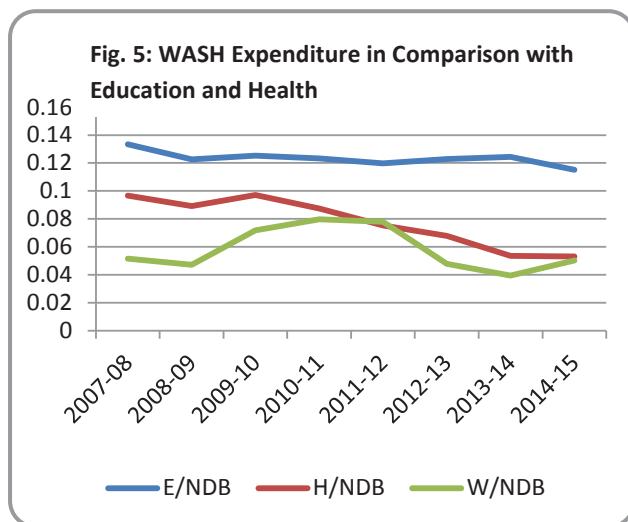


Source: WaterAid Bangladesh (2015a), p.9

**Fig. 4: Rural-urban Disparity in the Allocation of WASH**

### WASH vs. Other Development Sectors

A comparative analysis of allocation in WASH, Education, and Health with respect to National Development Budget indicates that WASH always remained the least priority sector (Fig. 5). Though trend in WASH allocation maintains a close correlation with allocation in Health, WASH allocation always remained low in comparison with Health sector allocation, except a recent catch-up.

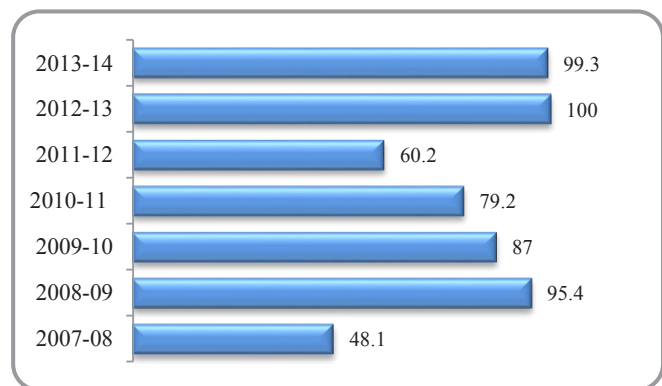


Source: WaterAid Bangladesh (2015a), p.9

**Fig. 5: WASH Expenditure in Comparison with Education and Health**

### Budget Allocation vs. Expenditure in WASH

Not only the amount of budget allocation in WASH sector is low, until recently, but allocated annual budget in many cases also remained unspent (Fig. 6). Though not a part of this study, a related study from Development Organization of the Rural Poor reveals that in many cases allocation from the central government do not reach to the Ups within the first quarters of the fiscal year (DORP 2014, p.29). Delayed disposal is sometimes blamed as a cause for lower expenditure.



Source: WaterAid Bangladesh (2015a), p.8

**Fig. 6: Expenditure as % of Allocation**

### Regional Disparity in WASH Budget Allocation

Though the existence of regional disparity is mentioned earlier, this part is elucidated to discuss inter-regional disparities in the allocation of WASH further. Ministry of Finance has produced district budgets for seven districts. Six out of seven districts are divisional headquarters. All budget heads of expenditure of ministries/divisions related to respective districts have been included in the district budget.

In addressing the objectives of the study, it is essential to explore all the seven district development budgets separately by components/line-items in Local Government Division district budgets. In the process, desk review has been carried out. The assignment has been conducted in two phases. In the first phase, a listing of all development projects under LGD during FY2014/15 has been made. In the second phase, all projects are classified into two categories through document review. The categories are (i) projects directly related to any one of WASH

components, and (ii) projects not related to WASH. Later, the identified projects as related to WASH have been attempted to further categorize into three broader components: (a) water, (b) sanitation and (c) hygiene. A schematic expression of the methodology is presented above.

### Variation in District Budget Allocation

It is revealed that district WASH budget allocations are highly skewed towards big cities and municipalities (Fig. 7). For instance, among the seven districts studied in this research, Chittagong district has received the highest allocation for WASH sector (Tk. 7,737 million), while Tangail district has received the lowest (only Tk. 58 million). WASH budget for Chittagong district is 30 percent of district budget and the same for Tangail district is 0.64 percent of the district budget. Further, it

is to note that a high-value project of Khulna WASA has received allocation over Tk. 5,200 million in the national development budget, but it has not been included in Khulna district Budget (WaterAid Bangladesh 2015a, p.9).

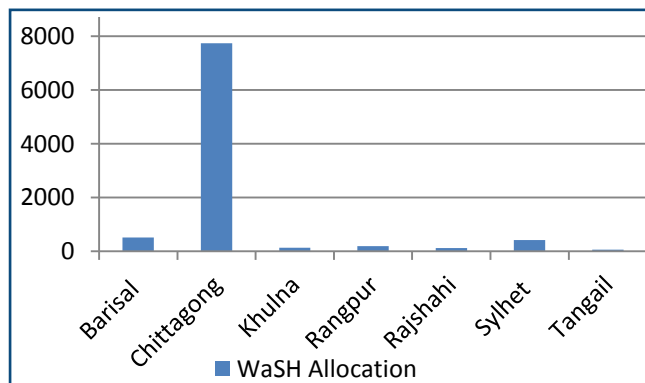
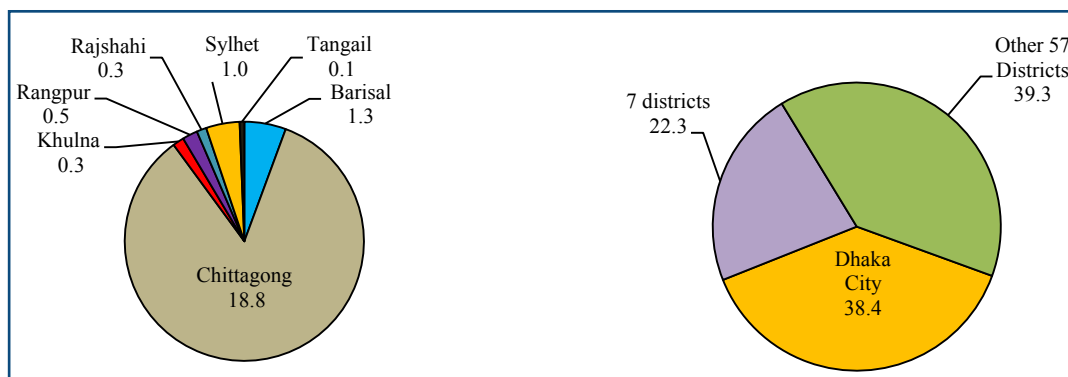


Fig. 7: District WASH Allocations in Million Taka



Source: WaterAid Bangladesh (2015a), p.9

Fig. 8: Geographical Disparity in WASH Budget Allocation

The Figure above indicates that geographical disparity in WASH budget allocation is not present only on the seven districts studied in this research, asimilar disparity exists even when we consider the total allocation all over Bangladesh. Therefore, allocation statistics in these seven districts are representative of national allocation scenario.

### Regional Allocation on WASH Sub-Sectors

Besides the wide variance in aggregate WASH budget allocation among big cities and other small towns and rural areas, allocation on different sub-sectors of WASH, i.e., Water, Sanitation, and Hygiene also showed wide

disparity consistently for all seven district budgets included in this study. As depicted in Table 1 below, for almost all districts Water component has got the highest priority in district WASH budget allocation. Allocation for water varies in different districts ranging between Tk. 21 million (Rajshahi district) and Tk. 6,835 million (Chittagong district). This study attempted to disaggregate allocation for sanitation component into subcomponents. However, the available materials allowed identifying an allocation of Tk. 100 million for drainage subcomponent in Rajshahi district budget and Tk. 50 million for solid waste management subcomponent in Khulna district budget.

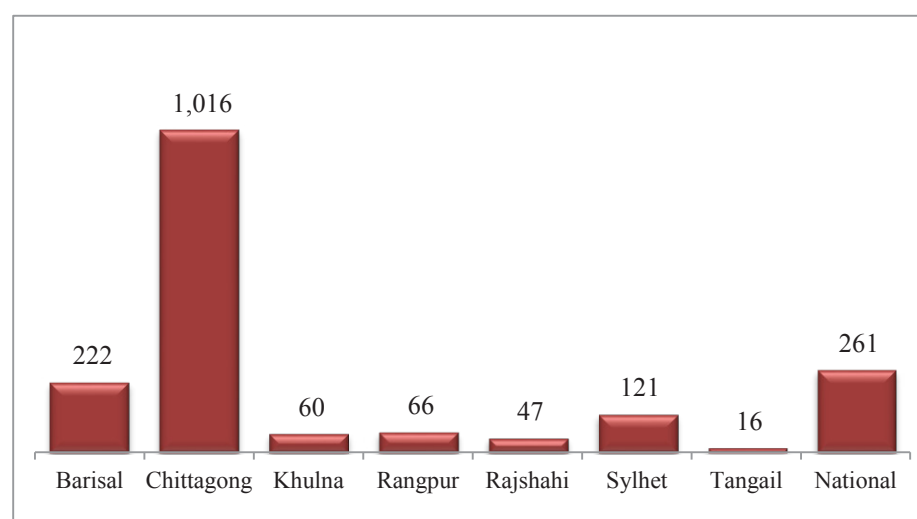
**Table 1: Allocation of WASH Budget (Area wise)**

District	Sanitation	Drainage	Solid waste	Sewerage	Water	Hygiene*	WASH
Barisal	257.68	-	-	-	259	-	517
Chittagong	901.00	-	-	-	6,835	-	7,737*
Khulna	40.70	-	50.00	-	49	-	140
Rangpur	23.62	-	-	-	165	-	189
Rajshahi	-	100.00	-	-	21	-	121
Sylhet	170.63	-	-	-	245	-	417
Tangail	19.81	-	-	-	38	-	58

Source: WaterAid Bangladesh (2015b), p.35

Following the national allocation, all the district WASH budgets are also highly urban biased (Table 1). The meager amount has been allocated to rural WASH across the districts. For example, the allocation for rural areas constitutes around 13 percent of Barisal District WASH budget. In Chittagong, the same is around 1 percent. The glaring disparity between the rural and urban WASH allocation (16% and 84%) needs to be minimized. Though a more disaggregated data may provide an even better picture on sub-sector priorities, collected aggregate data adequately indicates that Sanitation sub-sector is the recipient of second largest allocation of district WASH budgets in Bangladesh. As indicated in earlier, hygiene is the most neglected sector that is not receiving any allocation in district WASH budget.

Fig. 9: Per Capita WASH Allocation Lower Than National Target (in FY 2014/15)



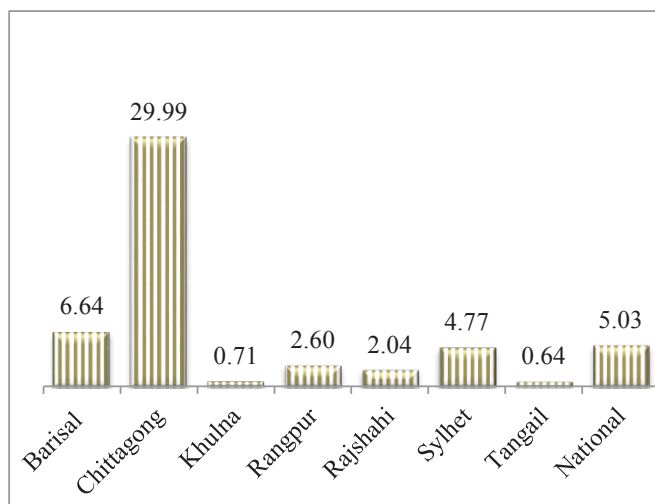
Source: WaterAid Bangladesh (2015b), p.35

**Fig. 9: Per Capita WASH Allocation in FY 2014/15 (In Taka)**

Per capita WASH allocation in the study districts (except Chittagong) is much lower (ranges between (Tk. 16 and Tk. 222) than the national allocation (Tk. 261). For Chittagong district per capita allocation is Tk. 1,016. The same for Dhaka City is Tk. 1,317 and for rest 57 districts is only Tk. 134. Therefore, as mentioned earlier, a wide disparity exists between WASH budget allocation in big cities, small towns, and rural areas. As big cities sometimes have higher population density due to urban slums, high allocation in big cities are sometimes rationalized by the government on this ground. Therefore, a disaggregation of district WASH allocation at par capital level was impotent to understand the rationale and justification of this geographical disparity at the micro level. However, a regionally disaggregated data on par capital WASH allocation, as shown in Figure 9, indicates that most of the WASH funding is still channeled to big cities, not only in absolute terms but also regarding per capita allocation.

### District Development Priority on WASH

Analysis has revealed that WASH budget as a percentage of district development budget sharply differs from the district (Fig. 10). It is only 0.64 percent of Tangail district development budget, while the same is 30 percent of Chittagong district development budget. It is worth stating that the share of WASH allocation in most of the districts is much below compared to the share of WASH in national development budget (5.03%).



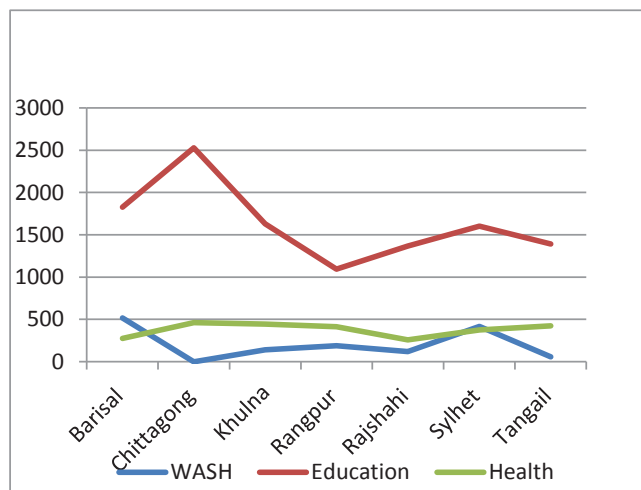
Source: WaterAid Bangladesh (2015b), p.36

**Fig. 10: WASH Allocation as % of Development Budget in FY2014/15**

### Allocation in WASH vs. Other Development Sectors

A comparative analysis of allocation in WASH, Education, and Health with respect to seven district Development Budget indicates that WASH always remained the least priority sector in district development agenda. Though in recent years national development budget on WASH is catching up national health budget, a similar trend is hardly visible at district levels (Fig. 11). This lower priority is visible even in districts like.

Chittagong and Khulna where allocation in WASH is disproportionately higher in comparison with other five districts.



Source: WaterAid Bangladesh (2015b), p.36

**Fig. 11: Comparative Allocation in District WASH, Education and Health Budgets**

### Limitations of the Study

The limitations need to be considered while analyzing and/or adapting the outcome of this research. Analysis of budget allocation was made without FY2014/15 data as relevant allocation data would not be available before June 2015. Partial (conservative) estimation of WASH allocation was made for low coverage areas (*Haor, Char, Coastal, and Hilly areas*), due to a non-availability of relevant data. It is worth mentioning that the budget of Khulna district did not include a high-value water supply project allocated for Khulna WASA (Tk. 5,238 million) which has already included in the National Development Budget. If this project is included in the district budget, the size of WASH budget for Khulna will be around Tk. 5,378 million instead of Tk. 140 million. It should be further mentioned that Khulna district WASH budget includes an allocation of Tk. 11 million for addressing needs of cyclone and *Sidr* affected the coastal area.

### Conclusion and Recommendations

So far the discussion reveals that historically, WASH allocations range between 5 to 8 percent of National Development Budget. WASH projects are included in IND on ad-hoc bases, as the government does not have any specific information about the real need for WASH. WASH budget is highly urban biased. Further, WASH needs for low coverage areas including *char*, coastal belt,

and hilly areas received very little or no allocation for WASH. Least attention regarding budget allocation has been given to promote hygiene education. As already stated earlier, since all the district WASH budgets are highly urban biased, the meager amount has been allocated to rural WASH across the districts.

It is already mentioned that the glaring disparity between the rural and urban WASH allocation is huge and thus needs to be minimized. The positive discriminatory approach should be introduced for greater WASH allocation in low coverage areas including *char* areas, *haor* areas, coastal belts, and hill districts. Besides the national projects, districts should develop WASH projects taking into consideration of local conditions, keeping DPHE as a focal organization. Positive discrimination towards rural areas as a whole and especially towards hard-to-reach areas should be reflected in the district projects. Local government institutions (Union *Parishad*, *Upazila Parishad*) may contribute part of resources received from the national budget as a grant. Altogether an integrated and concerted approaches are required to minimize the disparity between the rural and urban WASH allocation so that it could go further towards achieving Sustainable Development Goals.

## Notes

1. In 2009 price, it is Tk. 339.802 billion (USD 4.85 billion) and 5.53 percent of GDP.

2. The article was first drafted during the author's tenure as a research manager at WaterAid Bangladesh.

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